Building Effective Tax Registers

Assisting member countries strengthen their taxpayer registers per best international practice, tailored to their various situations

Regional Workshop facilitated by Berlin Msiska and Cheryl-Lea Field

Workshop Opening

Commissioner Zanzibar
Session 1 – Registration

– right from the start

In this session, we will discuss

➤ the importance of the registration process and a high integrity register.
➤ a foundation for Taxpayer Service and Compliance – it all starts here!
➤ “fit for purpose” and what does this mean.
➤ getting the register “right from the start”.

S1 – Policy and Legal Framework

Legal Framework
- What authority do you have in each of your countries to register a taxpayer and for what purpose?
- If someone does not register, and they should be registered and paying tax, can you raise an assessment anyway?
- Can you deregister a taxpayer if they no longer have obligations?

Write it down ......

The legal framework is the starting place for all registration this should be reviewed and if there are issues prepare request through the appropriate areas to have it changed, outlining the risks to the revenue, compliance and taxpayer service.
**S1 – Policy and Legal Framework**

*Business Registration Policy – key elements*

Documenting your business registration policy is critical to avoid errors by both the community and your staff. It facilitates voluntary compliance and improves the integrity of the register. Provides certainty.

**Tax Types** – define, and explain when someone should be registered

**Taxpayer entity types** – define and work with relevant partners to ensure understanding ie company vs sole proprietor – which taxes do they pay and how are they identified and with what agency

**Status** – Active, Inactive, Dormant, Defunct – dead, deregistered, insolvent ..... This is important to then match the treatment you want in the IT systems and by your staff

**Segments** – define and apply segmentation to taxpayers, e.g. Large, Medium, Govt, Small, enables tailored treatment to high value taxpayers

**Business Industry Code** – ISIC – how is applied and partnerships with relevant government partners

**Penalty and Interest Policy** – when are penalties and interest applied, and remission processes. Authority and appeal rights etc. Extensions to register ?

**Deregistration policy** – linked to write-off policy if taxpayer has outstanding files or arrears.

**Reporting** – identifying the single source of truth to avoid incorrect drawing of statistics and incorrect interpretation of registration details

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**S1 – Application process**

*Paper forms, Online, In-Person ....*

What are the advantages or disadvantages of each process, how do you mitigate your risks?

What are the critical components we need when starting a registration?

What is the commencement date?

- Authentication processes - proof of identity for individuals vs Company shareholders for MD’s?

Discuss the importance of identifying individuals and Businesses accurately.

Avoids duplicates, enables 3\(^{rd}\) party verification is accurately capture other ID numbers.

It is critical to ensure the application process is simple, and easy.

Review the form for relevant data, ensure capture process have appropriate edits.

Train staff in enquiring technics to maximise the opportunities if a face to face occurs, including explaining what happens next after registration ie obligations, filing paying etc
S1 – Application process

Processes and Procedures – *documented and continuous improvement*

- Critical to have streamline processes and clear easy to follow procedures
- Regular skilling programs
- Do not allow staff to commence in roles until trained (and tested)
- Quality Assurance processes – within the team, Office, Country

Note:-
A lot of the issues arrive when staff or the taxpayer is unsure and they then will do the least they need to do, and guess.
The importance of sampling and providing feedback to staff, the importance of performance agreements and standard expectations.
Cheat sheets can help keep it simple and you can have rolling themes of focus based on the previous cycle of sampling of work.

S1 – Taxpayer support

*How do we help taxpayers come forward and get it right!*

- Feedback - What do taxpayers say about the registration process?
- How do people know they have to register and how?
- What do you do to encourage or assist people to register, and then met their obligations

Note:-
Asking taxpayers, consultative groups and staff in an annual survey can help continuously improve your processes.
Link in to annual communication and education program, and part of the annual Compliance plan. Pick up common errors or issues from QA processes and incorporate into your messages.
S1 – “Importance of the registration process”

- How do we improve the process of actually registering?
- How do we encourage individuals and business to register?

Actions –
Form review, process review, staff skilling, taxpayer support and education, tailoring messages etc

S1 – Foundation for Taxpayer service and Compliance

Fit for Purpose – what does this mean in the above context?

- How can Registration process and the Register achieve this goal?
  ✓ Know your taxpayer
  ✓ Compare taxpayers
  ✓ Risk assess taxpayers
  ✓ ..........

Note
The registration and register is a key tool in achieving the outcomes of the Revenue System – supporting excellence in taxpayer service and improving compliance with obligations
S1 – Foundation for Taxpayer service and Compliance

Fit for purpose ..... important broader information

What would you change in the process,
What should be collected at registration,
What can be derived from other sources,
How do you keep certain data elements up-to-date

❖ Reflect on what is collected and what is used
❖ What would you change now from this different perspective

Note:
consult with other areas and the community and this new perspective will lead to a more effective business register that meets the needs of the whole revenue system. Registration starts the filing, assessment and arrears processes ..... 

S1 – Business/Industry Economic contributions

Fit for purpose ..... important broader information

Without clear identification of the business/industry a taxpayer is conducting there is serious impacts on -

✓ Compliance Risk Management
✓ Government Economic and Finance planning
✓ Taxpayer Education

Note -this requires special focus and innovation on making it easier as
❖ Not easy to code, special skilling required
❖ Currency – new industries will emerge that want to be monitored, remember mobile money
❖ how do we make it simple explore using “in your own words” for taxpayers and staff leading to the system more accurately identifying the industry.
❖ Are they coded already some where across government e.g. Ministry of Trade/Business and National Statistics can help, or even share their coding if done at the creation of a company. Some countries have joint systems of registration
S1 – IT infrastructure

Ensuring high integrity register
– essential to have high data controls
Examples:
- agreed data elements
- agreed data controls
  – edits, authorisations, etc
- access management
  – access manager matching authorisations
- controls to stop key issues
  – duplications, incorrect tax types for wrong tax entity types etc

Partnership with Data Management and IT essential ......to ensure the IT infrastructure assists in maximising the ease of use and integrity at the point of input, and then assisting in finding error, and finally bulk fixing if possible

S1 – Right from the start ..
“Achieving a High Integrity Taxpayer Register”

- Law and Registration policy
- Processes and Procedures
- IT infrastructure and support
- Taxpayer education and support
- Staff Selection, Training and Development
- Performance Management
- Quality Assurance sampling, feedback and follow-up
- Reporting accurate and single source
- Clear Accountability
S1 - What you need in a register built from scratch

What is important to have to get it right from the start – building a high integrity register ..... 

Session 2 – How do you know the integrity of the taxpayer register

This session will cover the importance of understanding the integrity of the register. How do you approach the decision to cleanse or reregister your taxpayer data?

Are all taxpayers registered, do you have a program of recruiting taxpayers?
S2 – Benchmarks and Quality Standards

Assess the quality of your register
- most have had a TADAT assessment

- Accuracy of Name, Address and other key contact details
- Accuracy of allocation of tax roles
- Accuracy of Business Industry codes
- What else…..
  Tax Type/Roles
  Tax Entity Type
  etc

S2 – Identify causes of the data integrity issues

Once you understand there are issues
- the causes need to be identified to prevent further corruption

- Go back through the session 1 issues
  e.g. application process, skilling, process and procedures,
  policy, IT systems, lack of QA, controls etc

- Once identified try to address the issues with
  Quick Wins, Short, Medium and Long Term Horizons
**S2 – Data Cleanse or Re-Register or both**

*Considerations*
- How bad is the data? Can it be cleaned, by human intervention or system fixes
- Is there a new or upgrade system on it way?
- What is the likelihood of being able to migrate clean data
- is there an opportunity to reregister taxpayers i.e. rollout of National ID, new tax ...
- impact on the community and political will ..... 

Note:
Cleansing and Migration of data preferred due to risk of losing existing taxpayers, so if choose to reregister need mitigation processes to ensure no loss of existing taxpayers.

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**S2 – Registration Data Cleansing Strategy**

*How to achieve the most impact in the shortest time, with the highest quality (in the short term) then longer term strategy*

*Considerations:*
- Clear Accountabilities
- Budget and ability to gain the resources
- Risk benefit assessment
- Priority areas to address – gain agreement
- Quick Wins – stop corruption
- IT support needed – detailed plans and commitment
- Internal Data needed – Customs data etc
- 3rd Party sources – Business registers, signs of life
- opportunities to pilot – learn little, then roll out
S2 – Suggested outline – Data Cleansing Plan

- Establish Project Team (link to Registration HQ function)
- Agree Policy and clarify law
- Develop a process and procedures
- Agree Data elements to be cleansed
- Agree Pilot Group
- Train the staff and extract from IT system
- Quality assure the cleansed data
- Agree and test uploading of cleansed data (data migration plan)
- Expand pilot – either recruit more staff, or rollout regional office by regional office
- Large, medium, Small, Individual – priority of segments to be addressed
  - Example priority matrix on next page

Example - priority decision matrix to reason through where you start data cleaning

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S2 – Governance Arrangements suggestions

- Project Management is critical to success
- Establish a Steering Committee
- Appoint a Project manager and Senior Executive as Sponsor
- Regular team meetings – daily and weekly
- Reporting to Steering Committee monthly
- Incorporate into the modernisation program
- Discuss with key stakeholders and the community
- Celebrate successes and learn from failures
- Assess progress against benchmarks and target established at the beginning of the cleansing process, and then roll into integrity measures long term
- Some times your milestones may be over ambiguous but that is ok if you learn, suggest piloting will improve estimations

Session 3 – Maintaining an Effective Register

This session will discuss the need for developing critical capabilities within Registrations and across your organization.

Development of key partnerships across government and collection and use of third party data.

Also, discuss links to your agencies Risk and Compliance Program.
S3 – Critical Capabilities- for register integrity in long term

**Centralised Registration HQ Function**

- The following capabilities would be developed in this central area or partner with accountable area in your agency.
  - HQ accountability and governance for taxpayer register and registration
  - Develop and Maintain Registration Policy
  - Develop and Review Process and Procedures
  - Partner with HR for staff development, and preparation of training materials
  - Establish Maintenance program and execution capability
  - Establish accountability for registration reporting/monitoring
  - Ensure regular staff training and performance management
  - Establish Quality Assurance and performance benchmarks
  - Develop and monitor Registration risk and compliance strategies
  - Harmonise ISIC approaches in partnership relevant Agencies

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S3 – Critical Capabilities- for register integrity in long term

*The balance of capabilities may be piloted in the Registration processes, but long term they should be a whole of agency capability*

- Quality Assurance practices and capability
- Data Management and Matching capability
- Taxpayer education and support
- Cross ministerial engagement to improve registration process
- IT requirements for Registration and phased approaches

More information on each of these provided separately
Session 4 – the Future …. Seamless …. 

This session will explore the future of taxpayer registration, use of technology and moving to whole of government solutions both in the business and individual registrations.

S4 – Opportunities - Future

Long Term Goals
- Single business registration across country
- Single common identifier
- A contemporary register including
  - Online application and real time authorisation
  - Real time verification using 3rd party links e.g. Company Registration, ISIC
  - Pre-population using existing government data e.g. National ID
  - Realtime accurate reporting e.g. register dashboard
  - Whole of government updates enabled through a single process
- Continuous Improvement strategies to meet community demands and other opportunities
S4 – What are the prerequisites for this future

To achieve a future

- Where it is easy for businesses to operate,
- Where it is easy/seamless to register,
- No wrong door, and
- To be able to be nudged into compliance using technologies,

Articulating the vision will help you gain support for the program of work you would need.
Also to recognise the importance of the building of the foundations now ....

Session 5 – Recap

In this session, we will reflect on what we have learnt and how we can use these learning over the next few days

Plenary session
Plenary Session – Learnings

- Importance of Effective Reliable Data
- Learnt from others
- Effectiveness of having a Registration HQ
- How to Supervise regions (Reporting/QA)
- Registrations Key Process in Collection of Taxes
- Train Staff – Garbage in – Garbage out
- Cleaning is a continuous process (not just an event)
- Accurate Rego Data leads to timely Filing and Payment

- Importance of Quality Assurance (QA)
- Priority of Cleansing by Management
- Documentation is Very (very very) important
- Proper Registration is a compliance tool
- System intervention can be a solution
- Solutions for foreign traders
- Benchmarks important for Quality Stds
- Training of Registration staff before they commence duties

Plenary Session – Learnings contd

- Ensure Data in Systems is Fit for Purpose
- Authentication is very important
- Assurance is also important (QA)
- Ensure effective legal Framework (legislation)
- 3rd Party Data – use with caution as it may have Quality issues (assess first)
- Before commencing Data Cleansing, assess current state first (know what you are dealing with and have a benchmark)

- Focus on the basics, as if you don’t get the little things right we will not be successful
- Look to the future – one process for business
- Contact to see if still same contact details
Session 15: Design and preparation of an improvement plan/program for registration

Ensure in the development of your plans, or review of your current plans (if you have already a program of work) take into account the following suggestions:

- critical to have clear accountabilities,
- achievable dates,
- breaking up the tasks into manageable chunks,
- steering committee,
- regular reporting